

## DEBT SERVICE FUND OVERVIEW

---

The Debt Service Fund accounts for the periodic deposits of revenue and loan payments to assure the timely availability of sufficient moneys for the payment of the City's general obligation debt and other related debt and costs. Since 1957 the City has issued its general obligation debt, which has the pledge of the full faith and credit of the City of Memphis, as a source of funding for projects in the City's capital improvements plan.

The City's most recent general obligation bond issue was assigned a Aa2 credit rating with a stable outlook by Moody's Investors Service, Inc. and a AA credit rating with a stable outlook by Standard and Poor's. The City's general obligation bonds' strong credit rating is a contributing factor to the low interest rates that the City receives on its debt. Credit ratings provide potential buyers a simple measure of the relative creditworthiness of the City's debt.

The major source of revenue used to pay the City general obligation debt is ad valorem property taxes. Although recent economic conditions have a negative impact on property tax collections, local option sales tax collections have performed well. As a means of diversifying Debt Service Fund revenues, a portion of the City's local option sales tax collections will be transferred into the Debt Service Fund and used as a new source of revenue to pay the City's general obligation debt. This added level of diversification should reduce the impact an economic downturn would have on Debt Service Fund.



# DEBT SERVICE FUND OVERVIEW

## DEBT SERVICE FUND OVERVIEW

Category	FY 2010 Actual	FY 2011 Budget	FY 2011 Forecast	FY 2012 Proposed
<b>Revenues</b>				
Current Property Taxes	80,003,074	80,213,461	79,483,206	77,213,461
Delinquent Property Taxes	2,705,031	2,000,000	1,653,136	1,550,000
Local Option Sales Tax	0	0	0	7,000,000
In Lieu Of Taxes-Contractual	1,579,261	1,700,000	1,765,100	1,100,000
Hotel-Motel Tax	399,533	401,270	401,270	402,270
Use of Money	253,580	2,000,000	65,000	65,000
<b>Intergovernmental Revenues</b>				
Memphis Shelby County Airport Authority	2,074,268	2,072,243	2,072,243	2,072,428
Memphis Shelby County Port Commission	273,278	0	0	0
Other	6,599,631	3,305,194	1,581,294	3,888,921
<b>Total Revenues</b>	<b>93,887,656</b>	<b>91,692,168</b>	<b>87,021,249</b>	<b>93,292,079</b>
<b>Other Sources</b>				
Transfer in General Fund	2,820,356	2,933,756	3,286,311	4,042,448
Municipal State Aid Fund	1,768,300	1,768,300	1,768,300	1,768,300
Transfer in Stormwater Fund	4,412,440	4,412,440	4,412,440	4,412,440
Solid Waste Management Fund	0	1,662,215	1,662,215	3,962,215
Hotel Motel fund	1,026,845	1,182,896	2,370,451	1,186,430
<b>Operating transfers in components units:</b>				
Board of Education	0	0	0	0
Proceeds From Refunding Bonds	175,209,405	0	0	75,400,000
<b>Total Other Sources</b>	<b>185,237,346</b>	<b>11,959,607</b>	<b>13,499,717</b>	<b>90,771,832</b>
<b>Total Revenue/Other Sources</b>	<b>279,125,002</b>	<b>103,651,775</b>	<b>100,520,966</b>	<b>184,063,911</b>



# DEBT SERVICE FUND OVERVIEW

## DEBT SERVICE FUND OVERVIEW

Category	FY 2010 Actual	FY 2011 Budget	FY 2011 Forecast	FY 2012 Proposed
<b>Expenditures</b>				
Redemption of serial bonds and notes	61,803,016	24,099,970	24,099,970	36,475,000
Interest	53,865,543	55,211,265	50,030,000	58,777,000
Other	1,247,706	350,000	315,000	315,000
Operating Transfer Out (Sewer Fund)	0	0	0	272,000
Operating Transfer Out (Port Commission Fund)				1,750,000
Operating Transfer Out (General Fund)	0	51,000,000	51,034,000	20,000,000
Retirement of Refunded Debt	174,017,191	0	0	0
Retirement of Refunded Note	0	0	0	75,400,000
Total Expenditures	290,933,456	130,661,235	125,478,970	192,989,000
<b>Other use:</b>				
<b>Total Expenditures/Other Sources</b>	<b>290,933,456</b>	<b>130,661,235</b>	<b>125,478,970</b>	<b>192,989,000</b>
Contribution(Use) of Fund Balance	(11,808,455)	(27,009,460)	(24,958,004)	(8,925,089)
<b>Fund balance beginning of year</b>	<b>46,488,838</b>	<b>31,072,154</b>	<b>34,680,384</b>	<b>9,722,380</b>
<b>Fund balance end of year</b>	<b>34,680,384</b>	<b>4,062,694</b>	<b>9,722,380</b>	<b>797,291</b>

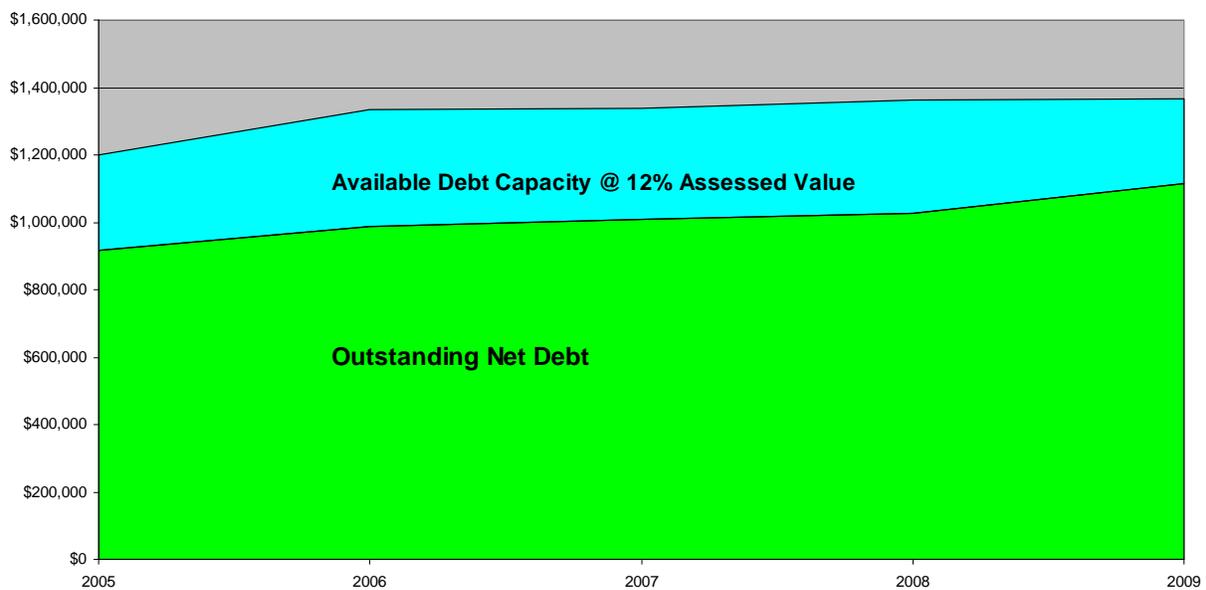


# DEBT SERVICE FUND OVERVIEW

---

It has been the City's past practice to issue general obligation bonds on an annual basis to support ongoing and new capital projects initiated by the City. In relationship to the City's Debt Affordability Targets that are outlined in the City's Debt Policy, the City shall conduct its finances so that the amount of general obligation ("GO") debt outstanding does not exceed 12% of the City's taxable assessed valuation. The chart below demonstrates the debt capacity.

**Debt Capacity Based on City Debt Policy  
(In Thousands)**



# DEBT SERVICE FUND OVERVIEW

## Ratio of General Bonded Debt to Appraised and Assessed Values and Bonded Debt Per Capita Last Five Fiscal Years

	2010	2009	2008	2007	2006
Estimated Population	676,640	699,651	674,028	674,028	677,345
Appraised Property Valuation (3)	38,788,129	39,750,993	36,776,628	36,554,763	35,682,731
Assessed Valuation (3)	12,053,354	12,341,761	11,392,569	11,369,792	11,156,092
Total General Obligation Debt (1) (3)	1,224,521	1,201,802	1,127,812	1,042,744	1,031,071
Self-Supporting Debt (2) (3)	8,575	11,137	13,565	17,663	21,539
Net Debt (3)	1,215,946	1,190,665	1,114,247	1,025,081	1,009,532
Bonded Debt Per Capita - Total Debt	1,810	1,795	1,673	1,547	1,522
Bonded Debt Per Capita - Net Debt	1,797	1,778	1,653	1,521	1,490
Bonded Debt to Appraised Valuation - Total Debt	3.16%	3.02%	3.07%	2.85%	2.89%
Bonded Debt to Appraised Valuation - Net Debt	3.13%	3.00%	3.03%	2.80%	2.83%
Bonded Debt to Assessed Valuation - Total Debt	10.16%	9.74%	9.90%	9.17%	9.24%
Bonded Debt to Assessed Valuation - Net Debt	10.09%	9.65%	9.78%	9.02%	9.05%

(1) Debt includes City general obligation bonds and capital lease obligations.

(2) The self-supporting debt includes Port Commission Bonds, Airport Bonds, bonds sold for the Convention Center and State loans.

(3) In thousands of dollars.

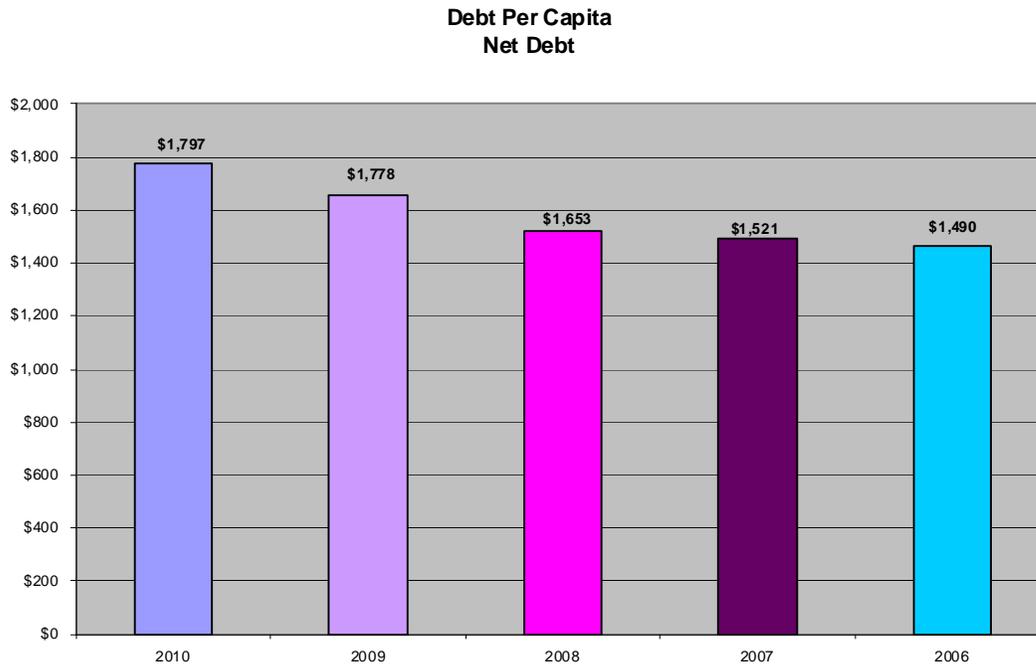
(4) Source-U.S. Census Bureau



# DEBT SERVICE FUND OVERVIEW

## DEBT SERVICE FUND OVERVIEW

Bonded debt per capita on a net debt basis has increased over the last five years. From 2006 through 2010, the City's net debt per capita has averaged approximately \$1,797 per person.



The ratio of annual debt service to general expenditures has averaged approximately 15% over the last ten years.

### Ratio of Annual Debt Service to General Expenditures Last Ten Fiscal Years (In Thousands of Dollars)

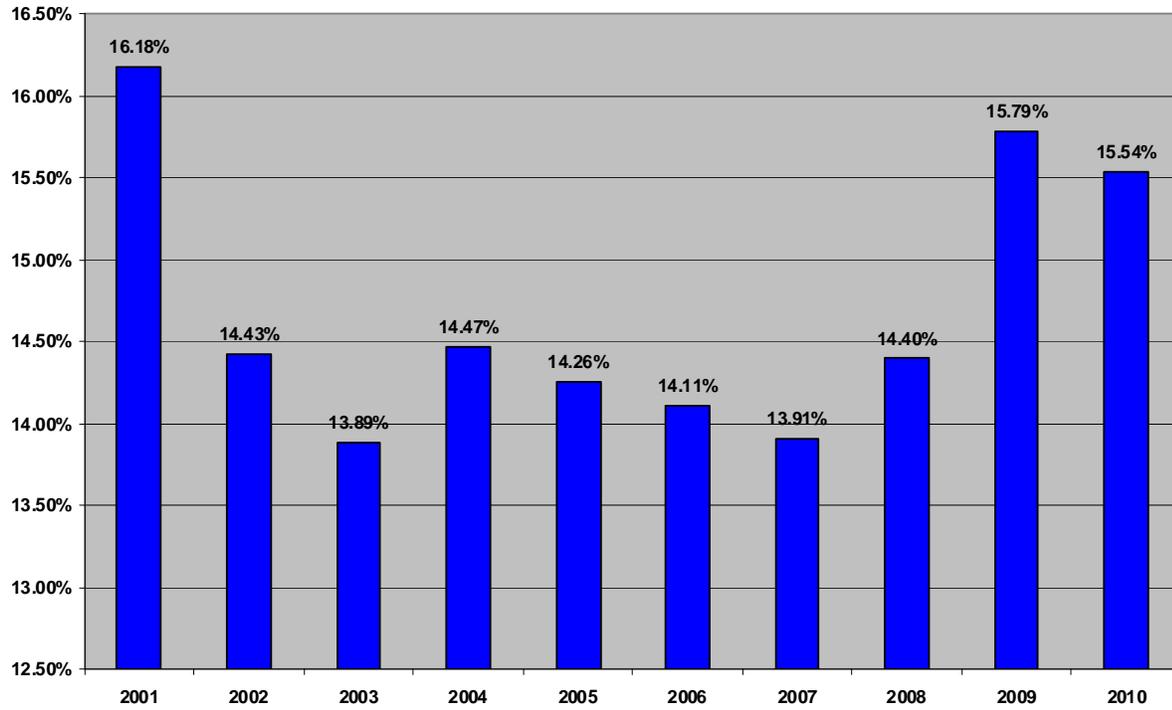
Fiscal Year	General Obligation Debt Service			Total General Fund Expenditures	Ratio of Debt Service to General Expenditures (%)
	Principal	Interest	Total		
2001	47,528	39,179	86,707	535,795	16.18%
2002	45,292	33,847	79,139	548,454	14.43%
2003	43,341	37,258	80,599	580,238	13.89%
2004	50,762	40,310	91,072	629,789	14.47%
2005	51,600	37,065	88,665	621,570	14.26%
2006	45,230	40,133	85,363	604,833	14.11%
2007	35,743	46,738	82,481	593,079	13.91%
2008	42,925	49,015	91,940	638,398	14.40%
2009	58,565	52,451	111,016	702,953	15.79%
2010	61,803	53,866	115,669	711,223	15.54%

(1) Includes General Fund and Debt Service Fund; expenditures and transfers out.

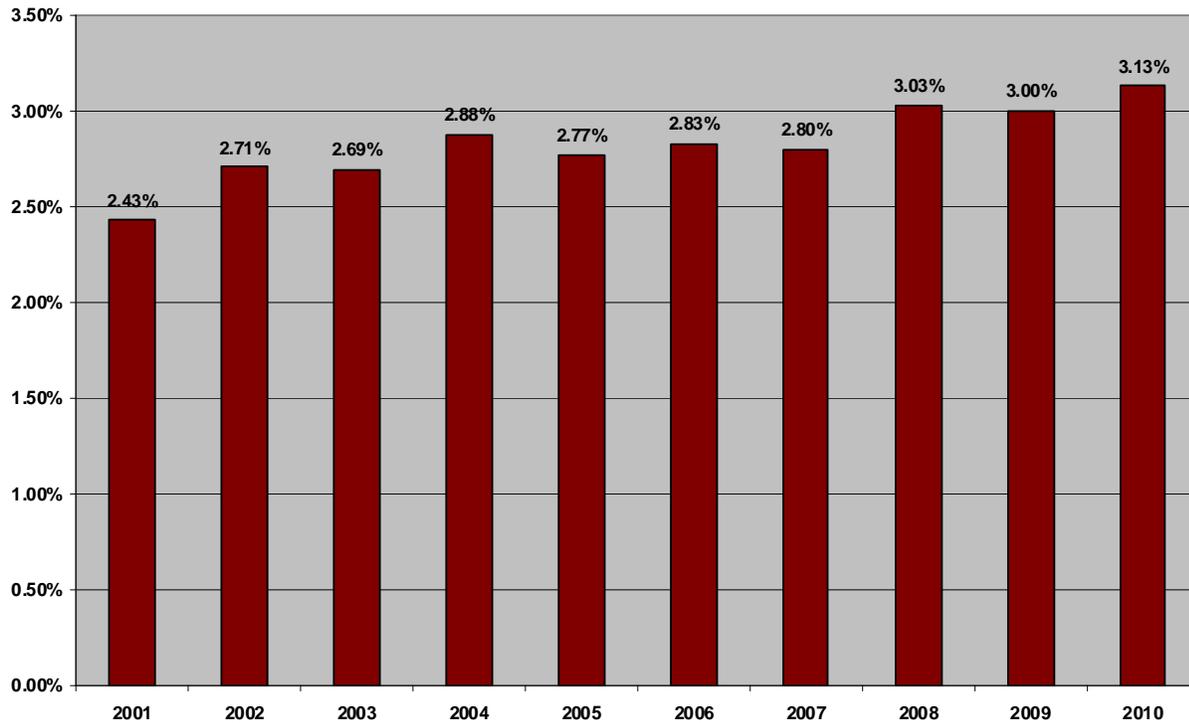


# DEBT SERVICE FUND OVERVIEW

### Debt Service % General Fund Expenditures



### Net Debt % Appraisal Value



# DEBT SERVICE FUND OVERVIEW

## DEBT SERVICE FUND OVERVIEW

City of Memphis, Tennessee  
**Outstanding General Obligation Debt**  
**April 1, 2011**

Outstanding General Obligation Bonds	Outstanding Par Amount	Final Maturity Date
\$11,160,000 General Improvement Bonds, Series 2010F (RZEDB)	\$ 11,160,000	7/1/2034
\$55,295,000 General Improvement and Refunding Bonds, Series 2010E (Federally Taxable)	55,295,000	7/1/2018
\$121,205,000 General Improvement Refunding Bonds, Series 2010D	121,205,000	7/1/2023
\$62,550,000 General Improvement Bonds, Series 2010 C (Direct Pay Build America Bonds)	62,550,000	7/1/2032
\$39,950,000 General Improvement Bonds, Series 2010B (Direct Pay Build America Bonds)	39,950,000	5/1/2030
\$27,880,000 General Improvement Bonds, Series 2010A	27,880,000	5/1/2022
\$76,025,000 General Improvement Bonds, Series 2009	46,040,000	4/1/2024
\$99,735,000 General Improvement Bonds, Series 2008	70,890,000	4/21/2025
\$94,935,000 General Improvement Bonds, Series 2007A	67,700,000	4/1/2024
\$89,385,000 General Improvement Refunding Bonds, Series 2006C	76,630,000	11/1/2022
\$38,185,000 General Improvement Refunding Bonds, Series 2006B	21,820,000	11/1/2014
\$76,930,000 General Improvement Refunding Bonds, Series 2006A	76,930,000	11/1/2025
\$115,635,000 General Improvement Refunding Bonds, Series 2005B	107,480,000	10/1/2018
\$166,880,000 General Improvement Refunding Bonds, Series 2005	149,870,000	10/1/2019
\$34,160,000 General Improvement Refunding Bonds, Series 2004	15,635,000	10/1/2017
\$125,000,000 General Improvement Bonds, Series 2004	86,060,000	10/1/2023
\$96,940,000 General Improvement Bonds, Series 2003	26,600,000	5/1/2022
\$92,985,000 General Improvement Refunding Bonds, Series 2001	49,605,000	11/1/2016
\$42,220,000 General Improvement Refunding Bonds, Series 1999	3,225,000	10/1/2012
\$19,290,000 General Improvement Refunding Bonds, Series 1998	2,015,000	7/1/2011
\$48,996,258 General Improvement Refunding Bonds, Series 1998	1,339,230	8/1/2011
<b>Total General Obligation Bonds Outstanding</b>	<b>\$ 1,119,879,230</b>	
<b>Outstanding General Obligation Notes</b>		
\$75,400,000 Bond Anticipation Notes, 2010	\$ 75,400,000	5/1/2012
<b>Outstanding General Obligation Leases</b>		
\$7,510,000 General Obligation Lease, 2007	\$ 3,142,748	8/1/2012
<b>Total General Obligation Debt Outstanding</b>	<b>\$ 1,198,421,978</b>	

